

# IRS News Release

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## **Inflation Having Little Effect on Tax Rates and Benefits in 2010**

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WASHINGTON — Tax rate brackets and various tax benefits will remain unchanged or change only slightly in 2010 due to inflation, the Internal Revenue Service announced today.

By law, the dollar amounts for a variety of tax provisions must be revised each year to keep pace with inflation. As a result, more than three dozen tax benefits are subject to inflation adjustments each year, but because recent inflation factors have been minimal, many of these benefits will remain unchanged or change only slightly for 2010.

Key provisions affecting 2010 returns, filed by most taxpayers in early 2011, include the following:

- The value of each personal and dependency exemption available to most taxpayers is \$3,650, unchanged from 2009.
- The new standard deduction for heads of household is \$8,400, up from \$8,350 in 2009. For other taxpayers, the standard deduction remains unchanged at \$11,400 for married couples filing a joint return and \$5,700 for singles and married individuals filing separately. Nearly two out of three taxpayers take the standard deduction rather than itemizing deductions, such as mortgage interest, charitable contributions, and state and local taxes.
- Various tax bracket thresholds will see minor adjustments. For example, for a married couple filing a joint return the taxable income threshold separating the 15 percent bracket from the 25 percent bracket is \$68,000, up from \$67,900 in 2009.
- The annual gift tax exclusion remains unchanged at \$13,000.

Details on these and other inflation adjusted items for 2010 can be found in Revenue Procedure 2009-50, available now on IRS.gov.